



FEDERAL ELECTION COMMISSION

WASHINGTON, D C 20463

VIA FIRST CLASS MAIL

JUL 8 2005

Nathan Sproul
Sproul & Associates
4715 N. 32nd St.
Suite 107
Phoenix, Arizona 85018

RE: MUR 5581
Nathan Sproul
Sproul & Associates, Inc.

Dear Mr. Sproul:

On June 23, 2005, the Federal Election Commission found that there is reason to believe you violated 2 U.S.C. §§ 441a and 441b, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act") and that Sproul & Associates, Inc. violated 2 U.S.C. § 441b. These findings were based on information ascertained by the Commission in the normal course of carrying out its supervisory responsibilities. *See* 2 U.S.C. § 437g(a)(2). The Factual and Legal Analyses, which more fully explain the Commission's findings, are attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred

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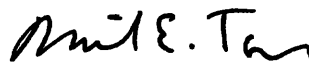
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Beth Mizuno, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Michael E. Toner
Vice Chairman

Enclosures

Factual and Legal Analysis (Nathan Sproul)

Factual and Legal Analysis (Sproul & Associates, Inc.)

Procedures

Designation of Counsel Form

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FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Nathan Sproul

MUR: 5581

I. INTRODUCTION

This matter was generated by the Federal Election Commission ("Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities indicating that Nathan Sproul may have violated 2 U.S.C. §§ 441a(a)(1)(A) and 441b(a) by making excessive or prohibited contributions to Nader for President 2004 (the "Nader Committee") in connection with a petition drive to place Ralph Nader on the Arizona ballot during the 2004 Presidential election.

II. FACTUAL AND LEGAL ANALYSIS

A. FACTS

Newspaper reports claim that Nathan Sproul ("Sproul") was "a major source of funding to put Ralph Nader on Arizona's presidential election ballot," and that Sproul was the "primary source of the money' for paying for petition circulars to place Nader on the ballot." *GOP Aids Nader, Dem Says; Accused Official Denies Paying for Signature Drive*, The Arizona Republic, June 8, 2004, *see also* Max Blumenthal, *Nader's Dubious Raiders*, American Prospect Online, June 25, 2004. Nathan Sproul is the owner of Sproul & Associates, an Arizona-based political consulting firm.

Press reports describe the overlap between the Nader Committee's petition-gathering efforts and Sproul's. According to an article that appeared in the American Prospect, the Nader Committee hired JSM, Inc. ("JSM"), a Florida-based petition contractor, to collect signatures to

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put Nader on the Arizona ballot. Blumenthal, *supra*. Simultaneously, the article alleges, Sproul & Associates was collecting signatures for an Arizona ballot measure effort, No Taxpayer Money for Politicians, and that “two of the contractors Sproul hired to oversee the petition-gathering for No Taxpayer Money for Politicians . . . were also paid by Sproul to get as many signatures as possible for Nader.” *Id.* The article goes on to state that Sproul delivered the petitions gathered by his employees to Jenny Breslyn, the owner of JSM—the firm the Nader Committee hired—and that “Breslyn mixed them in with her own [petitions].” *Id.*

B. ANALYSIS

The Act prohibits corporations from making contributions or expenditures in connection with federal elections and prohibits any officer or director of any corporation from consenting to any contribution or expenditure by the corporation. *See* 2 U.S.C. § 441b(a); 11 C.F.R. § 114.2(e). Amounts spent on promoting a candidate for the general election ballot “by seeking signatures on nominating petitions” are expenditures. *See* 2 U.S.C. § 431(9)(A); *see also* Advisory Opinion 1994-5 (White)(“[E]xpenditures to influence your election would include amounts you spend . . . to promote yourself for the general election ballot by seeking signatures on nominating petitions.”). If Sproul consented to Sproul & Associates’ use of corporate funds to pay for the collection of signatures for Nader, he consented to a prohibited corporate contribution to the Nader Committee. 2 U.S.C. § 441b(a). If Sproul used his own personal funds to collect Nader signatures, he may have made an excessive in-kind contribution to the Nader Committee. 2 U.S.C. § 441a(a).

Therefore, there is reason to believe that Nathan Sproul violated 2 U.S.C. §§ 441b(a) and 441a(a)(1)(A).

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FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Sproul & Associates, Inc.

MUR: 5581

I. INTRODUCTION

This matter was generated by the Federal Election Commission ("Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities indicating that Sproul and Associates, Inc. ("Sproul & Associates") violated 2 U.S.C. § 441b(a) by making prohibited corporate contributions to Nader for President 2004 (the "Nader Committee") in connection with a petition drive to place Ralph Nader on the Arizona ballot during the 2004 Presidential election.

II. FACTUAL AND LEGAL ANALYSIS

A. FACTS

Newspaper reports claim that Nathan Sproul ("Sproul") was "a major source of funding to put Ralph Nader on Arizona's presidential election ballot," and that Sproul was the "primary source of the money' for paying for petition circulars to place Nader on the ballot." *GOP Aids Nader, Dem Says; Accused Official Denies Paying for Signature Drive*, The Arizona Republic, June 8, 2004, *see also* Max Blumenthal, *Nader's Dubious Raiders*, American Prospect Online, June 25, 2004. Nathan Sproul is the owner of Sproul & Associates, Inc., an Arizona-based political consulting firm.

Press reports describe the overlap between the Nader Committee's petition-gathering efforts and Sproul's. According to an article that appeared in the American Prospect, the Nader Committee hired JSM, Inc. ("JSM"), a Florida-based petition contractor, to collect signatures to put Nader on the Arizona ballot. Blumenthal, *supra*. Simultaneously, the article alleges, Sproul

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& Associates was collecting signatures for an Arizona ballot measure effort, No Taxpayer Money for Politicians, and that “two of the contractors Sproul hired to oversee the petition-gathering for No Taxpayer Money for Politicians . . . were also paid by Sproul to get as many signatures as possible for Nader.” *Id.* The article goes on to state that Sproul delivered the petitions gathered by his employees to Jenny Breslyn, the owner of JSM—the firm the Nader Committee hired—and that “Breslyn mixed them in with her own [petitions].” *Id.*

B. ANALYSIS

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The Act prohibits corporations from making contributions or expenditures in connection with federal elections and prohibits any officer or director of any corporation from consenting to any contribution or expenditure by the corporation. *See* 2 U.S.C. § 441b(a); 11 C.F.R. § 114.2(e). Amounts spent on promoting a candidate for the general election ballot “by seeking signatures on nominating petitions” are expenditures. *See* 2 U.S.C. § 431(9)(A); *see also* Advisory Opinion 1994-5 (White)(“[E]xpenditures to influence your election would include amounts you spend . . . to promote yourself for the general election ballot by seeking signatures on nominating petitions.”). If Sproul & Associates used its own funds to pay for the collection of signatures for Nader, Sproul & Associates, Inc. made a prohibited corporate contribution to the Nader Committee. 2 U.S.C. § 441b(a).

Therefore, there is reason to believe that Sproul & Associates, Inc. violated the Act by making prohibited corporate contributions to the Nader Committee. 2 U.S.C. § 441b(a).